

RUSSIA AND THE WEST IN IRAN

by Standard of California and the Texas Company. Bahrein's production soon reached the figure of approximately one million tons a year.

Despite these rebuSs from resurgent Iranian nationalism, Great Britain did not relinquish all her interests in Iran. The concession exploited by the Anglo-Iranian Oil Company continued as a powerful link between the two countries. It constituted also an instrument of British influence in that region and, naturally, like any foreign-held concession it contained seeds of disagreement between the host nation and the concessionaire. It was mainly in the field of oil exploitation that the nationalist policy of Reza Shah clashed with British interests, and it may be said without contradiction that the behavior of the Iranian ruler in this field constituted the best test of his true attitude toward Great Britain.

THE STORY OF OIL

The exploitation of oil in Iran is so linked with the Big Powers' competition for influence in that country that it may be useful to recapitulate briefly the events that led to the development of the British concession in the south.

As far back as 1872, as has been stated earlier, Baron Julius de Reuter, a British subject, had obtained from Nasir cd-Diu Shah a concession that gave him, among many other privileges, the exclusive right to exploit all the natural resources of Iran with the exception of gold, silver, and precious stones. A year later this concession had been canceled because of the hostile attitude of Russia. Reuter, feeling wronged, had appealed to his government for protection. Official British intervention had brought about the granting

of a new concession to Reuter, as a compensation. This time (1889) it was a permission to create a bank as well as to exploit oil deposits in the country. As a result the Imperial Bank of Iran was founded, an institution that still plays an important role in the economic life of the country. The oil rights were taken care of by the Persian Bank Mining Rights Corporation, which began prospecting but, failing to obtain tangible results, soon renounced its rights.

In 1891 the Governor of Kermanshah requested M. de Morgan, head of the French archeological mission, to try to find oil in his